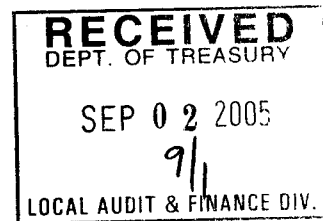


TOWNSHIP OF HILL
Ogemaw County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2005



AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Hill	County Ogemaw
Audit Date March 31, 2005	Opinion Date June 29, 2005	Date Accountant Report Submitted to State: August 31, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised SEP 02 2005
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)

Campbell, Kusterer & Co., P.C.

Street Address

512 N. Lincoln, Suite 100, P.O. Box 686

City

Bay City

State

MI

Zip

48707

Accountant Signature

Campbell, Kusterer & Co., P.C.

TOWNSHIP OF HILL
Ogemaw County, Michigan

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2-3
Basic Financial Statements:	
Government-wide Financial Statements:	
Government-wide Statement of Net Assets	4
Government-wide Statement of Activities	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10-15
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund	16
Budgetary Comparison Schedule – Fire Fund	17
Budgetary Comparison Schedule – Road Fund	18
Budgetary Comparison Schedule – Gypsy Moth Fund	19
Other supporting information:	
Combining Balance Sheet – All Special Revenue Funds	20
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – All Special Revenue Funds	21
Current Tax Collection Fund – Statement of Changes in Assets and Liabilities	22
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	23

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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KENNETH P. KUSTERER, CPA

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BAY CITY, MICHIGAN 48707

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INDEPENDENT AUDITOR'S REPORT

June 29, 2005

To the Township Board
Township of Hill
Ogemaw County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Hill, Ogemaw County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Hill's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Hill, Ogemaw County, Michigan as of March 31, 2005, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co. P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF HILL
Ogemaw County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

This report covers Hill Township's financial performance during the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Our financial status is sound. We have incurred no debt, we operate on a pay as you go basis. Assets for the General Fund as of March 31, 2005, totaled \$923,062.65. Revenues for the General Fund were down from the preceding year mostly due to lower State revenue sharing. Net assets for all funds as of March 31, 2005, totaled \$1,362,090.03. Governmental activities had a \$4,432.92 decrease in net assets with road improvement, and a loss of 4% (\$3,648.00) in revenue sharing.

Our taxable value increased by approximately \$4,573,147.00 or 6%.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Road Fund, Fire Fund, Gypsy Moth Fund, Capital Improvement Fund, Norway Shores Fund, Maple Road Fund, Woodland Ridge Fund and the Current Tax Collection Fund.

TOWNSHIP OF HILL
Ogemaw County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2005

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Road Fund, the Fire Fund, the Gypsy Moth Fund, Capital Improvement Fund, Maple Road Fund, Norway Shores Fund, and the Woodland Ridge Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we paved Richard and Sunset Avenues, and Countyline at a cost of \$172,612.17 paid from millage money and contribution from General Fund. We had a Spring and Fall trash clean-up costing \$4,990.00 paid from the General Fund.

We have no debt and our cash position in the governmental activities remains strong.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$182,905.85.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$0 in capital assets.

The Township's governmental activities paid \$0 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents 41% of our income. We continue to grow at a 3% rate in taxable values with little demand for infrastructure, except good roads and trash disposal, where available.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Clerk at (989) 473-2325 or e-mail Clerkhill@aol.com.

TOWNSHIP OF HILL
Ogemaw County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 299 460 09
Taxes receivable	<u>27 855 94</u>
Total Current Assets	<u>1 327 316 03</u>
NON-CURRENT ASSETS:	
Capital Assets	81 390 00
Less: Accumulated Depreciation	<u>(46 616 00)</u>
Total Non-current Assets	<u>34 774 00</u>
TOTAL ASSETS	<u><u>1 362 090 03</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	34 774 00
Unrestricted	<u>1 327 316 03</u>
Total Net Assets	<u>1 362 090 03</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 362 090 03</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HILL
Ogemaw County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2005

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	17 398 06	-	(17 398 06)
General government	111 907 70	36 940 03	(74 967 67)
Public safety	44 832 81	-	(44 832 81)
Public works	272 405 44	45 297 37	(227 108 07)
Culture and recreation	290 36	-	(290 36)
Total Governmental Activities	<u>446 834 37</u>	<u>82 237 40</u>	<u>(364 596 97)</u>
General Revenues:			
Property taxes			233 179 69
State revenue sharing			107 601 54
Interest			8 091 65
Miscellaneous			<u>11 291 17</u>
Total General Revenues			<u>360 164 05</u>
Change in net assets			(4 432 92)
Net assets, beginning of year			<u>1 366 522 95</u>
Net Assets, End of Year			<u>1 362 090 03</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HILL
Ogemaw County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Road</u>
<u>Assets</u>			
Cash in bank	911 798 92	108 298 70	101 169 65
Taxes receivable	10 998 42	9 280 33	6 917 17
Due from other funds	<u>265 31</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>923 062 65</u></u>	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>
<u>Liabilities and Fund Equity</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Unreserved:			
Undesignated	<u>923 062 65</u>	<u>117 579 03</u>	<u>108 086 82</u>
Total fund equity	<u><u>923 062 65</u></u>	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>
Total Liabilities and Fund Equity	<u><u>923 062 65</u></u>	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Gypsy Moth</u>	<u>Other Funds</u>	<u>Total</u>
160 978 21	16 949 30	1 299 194 78
-	660 02	27 855 94
-	-	265 31
<u>160 978 21</u>	<u>17 609 32</u>	<u>1 327 316 03</u>
-	-	-
-	-	-
<u>160 978 21</u>	<u>17 609 32</u>	<u>1 327 316 03</u>
<u>160 978 21</u>	<u>17 609 32</u>	<u>1 327 316 03</u>
<u>160 978 21</u>	<u>17 609 32</u>	<u>1 327 316 03</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2005

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS 1 327 316 03

Amounts reported for governmental activities in the statement of
net assets are different because –

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the governmental funds balance sheet:

Capital assets at cost	81 390 00
Accumulated depreciation	<u>(46 616 00)</u>

TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES 1 362 090 03

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HILL
Ogemaw County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS

Year ended March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Road</u>
Revenues:			
Property taxes	58 932 20	99 834 48	74 413 01
State revenue sharing	107 601 54	-	-
Charges for services – PTAF	36 940 03	-	-
Interest	6 926 34	92 21	438 14
Special assessments	38 721 95	-	-
Miscellaneous	11 291 17	-	-
Total revenues	<u>260 413 23</u>	<u>99 926 69</u>	<u>74 851 15</u>
Expenditures:			
Legislative:			
Township Board	17 398 06	-	-
General government:			
Supervisor	13 335 31	-	-
Elections	2 181 54	-	-
Assessor	37 833 30	-	-
Clerk	12 790 68	-	-
Board of Review	2 292 51	-	-
Treasurer	16 495 08	-	-
Building and grounds	11 161 68	-	-
Cemetery	400 00	-	-
Unallocated	12 455 60	-	-
Public safety:			
Fire protection	-	44 616 81	-
Public works:			
Highways and streets	13 770 00	-	172 612 17
Street lighting	6 711 73	-	-
Sanitation	4 990 00	-	-
Weed control	30 800 00	-	-
Gypsy moth	-	-	-
Culture and recreation:			
Library	290 36	-	-
Total expenditures	<u>182 905 85</u>	<u>44 616 81</u>	<u>172 612 17</u>
Excess (deficiency) of revenues over expenditures	<u>77 507 38</u>	<u>55 309 88</u>	<u>(97 761 02)</u>
Other financing sources (uses):			
Operating transfers in	816 52	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>816 52</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	78 323 90	55 309 88	(97 761 02)
Fund balances, April 1	<u>844 738 75</u>	<u>62 269 15</u>	<u>205 847 84</u>
Fund Balances, March 31	<u>923 062 65</u>	<u>117 579 03</u>	<u>108 086 82</u>

The accompanying notes are an integral part of these financial statements.

<u>Gypsy Moth</u>	<u>Other Funds</u>	<u>Total</u>
-	-	233 179 69
-	-	107 601 54
-	-	36 940 03
547 95	87 01	8 091 65
-	6 575 42	45 297 37
-	-	11 291 17
<u>547 95</u>	<u>6 662 43</u>	<u>442 401 45</u>
-	-	17 398 06
-	-	13 335 31
-	-	2 181 54
-	-	37 833 30
-	-	12 790 68
-	-	2 292 51
-	-	16 495 08
-	800 00	11 961 68
-	-	400 00
-	-	12 455 60
-	-	44 616 81
-	6 081 54	192 463 71
-	-	6 711 73
-	-	4 990 00
-	-	30 800 00
37 440 00	-	37 440 00
-	-	290 36
<u>37 440 00</u>	<u>6 881 54</u>	<u>444 456 37</u>
<u>(36 892 05)</u>	<u>(219 11)</u>	<u>(2 054 92)</u>
-	-	816 52
-	(816 52)	(816 52)
-	(816 52)	-
(36 892 05)	(1 035 63)	(2 054 92)
<u>197 870 26</u>	<u>18 644 95</u>	<u>1 329 370 95</u>
<u>160 978 21</u>	<u>17 609 32</u>	<u>1 327 316 03</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2005

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (2 054 92)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(2 378 00)
Capital Outlay	<u>-</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(4 432 92)</u></u>
---	--------------------------

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Hill, Ogemaw County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Hill. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2004 tax roll millage rate was 2.3929 mills, and the taxable value was \$82,464,349.00.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$25.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	15-50 years
Furniture and equipment	5-30 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Accounting Change

Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using the full accrual accounting for all the Township's activities have been provided.

Capital assets in the governmental activities column of the Statement of Net Assets include net assets totaling \$34,774.00.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 3 – Deposits and Investments

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 299 460 09</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	261 373 89
Uninsured and Uncollateralized	<u>1 041 276 39</u>
Total Deposits	<u>1 302 650 28</u>

The Township of Hill did not have any investments as of March 31, 2005.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/05</u>
<u>Governmental Activities:</u>				
Land	11 225 00	-	-	11 225 00
Buildings	56 432 00	-	-	56 432 00
Equipment	<u>13 733 00</u>	<u>-</u>	<u>-</u>	<u>13 733 00</u>
Total	81 390 00	-	-	81 390 00
Accumulated Depreciation	<u>(44 238 00)</u>	<u>(2 378 00)</u>	<u>-</u>	<u>(46 616 00)</u>
Net Capital Assets	<u>37 152 00</u>	<u>(2 378 00)</u>	<u>-</u>	<u>34 774 00</u>

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full time employees. The Township contributes an amount of each employee's annual salary to the plan. The net pension expense for the fiscal year ended March 31, 2005, was \$1,925.61.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

TOWNSHIP OF HILL
Ogemaw County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2005

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

The Township of Hill does not issue building permits. Building permits are issued by the County of Ogemaw.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>265 31</u>	Current Tax Collection	<u>265 31</u>
Total	<u>265 31</u>	Total	<u>265 31</u>

Note 10 – Operating Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General	<u>816 52</u>	Woodland Ridge	<u>816 52</u>
Total	<u>816 52</u>	Total	<u>816 52</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended March 31, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	49 000 00	58 738 49	58 932 20	193 71
State revenue sharing.	95 000 00	104 423 00	107 601 54	3 178 54
Charges for services – PTAF	27 000 00	39 946 92	36 940 03	(3 006 89)
Interest	-	61 85	6 926 34	6 864 49
Special assessments	33 000 00	37 915 93	38 721 95	806 02
Miscellaneous	2 196 00	13 079 83	11 291 17	(1 788 66)
Total revenues	<u>206 196 00</u>	<u>254 166 02</u>	<u>260 413 23</u>	<u>6 247 21</u>
Expenditures:				
Legislative:				
Township Board	22 700 00	17 398 06	17 398 06	-
General government:				
Supervisor	13 600 00	13 335 31	13 335 31	-
Elections	5 500 00	2 181 54	2 181 54	-
Assessor	42 000 00	37 833 30	37 833 30	-
Clerk	13 300 00	12 790 68	12 790 68	-
Board of Review	2 650 00	2 292 51	2 292 51	-
Treasurer	16 250 00	17 950 00	16 495 08	(1 454 92)
Building and grounds	17 500 00	11 461 68	11 161 68	(300 00)
Cemetery	500 00	400 00	400 00	-
Unallocated	22 000 00	12 455 60	12 455 60	-
Public works:				
Highways and streets	20 000 00	13 770 00	13 770 00	-
Street lights	7 200 00	6 711 73	6 711 73	-
Sanitation	5 000 00	4 990 00	4 990 00	-
Weed control	32 000 00	30 800 00	30 800 00	-
Culture and recreation:				
Library	600 00	290 36	290 36	-
Total expenditures	<u>220 800 00</u>	<u>184 660 77</u>	<u>182 905 85</u>	<u>(1 754 92)</u>
Excess (deficiency) of revenues over expenditures	<u>(14 604 00)</u>	<u>69 505 25</u>	<u>77 507 38</u>	<u>8 002 13</u>
Other financing sources (uses):				
Operating transfers in	-	-	816 52	816 52
Operating transfers out	(100 000 00)	-	-	-
Total other financing sources (uses)	<u>(100 000 00)</u>	<u>-</u>	<u>816 52</u>	<u>816 52</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(114 604 00)</u>	<u>69 505 25</u>	<u>78 323 90</u>	<u>8 818 65</u>
Fund balance, April 1	<u>221 500 00</u>	<u>790 965 53</u>	<u>844 738 75</u>	<u>53 773 22</u>
Fund Balance, March 31	<u>106 896 00</u>	<u>860 470 78</u>	<u>923 062 65</u>	<u>62 591 87</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	35 000 00	94 076 81	99 834 48	5 757 67
Interest	<u>400 00</u>	<u>196 74</u>	<u>92 21</u>	<u>(104 53)</u>
Total revenues	<u>35 400 00</u>	<u>94 273 55</u>	<u>99 926 69</u>	<u>5 653 14</u>
Expenditures:				
Public safety:				
Fire protection	<u>48 000 00</u>	<u>44 616 81</u>	<u>44 616 81</u>	<u>-</u>
Total expenditures	<u>48 000 00</u>	<u>44 616 81</u>	<u>44 616 81</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(12 600 00)	49 656 74	55 309 88	5 653 14
Fund balance, April 1	<u>60 000 00</u>	<u>58 729 95</u>	<u>62 269 15</u>	<u>3 539 20</u>
Fund Balance, March 31	<u><u>47 400 00</u></u>	<u><u>108 386 69</u></u>	<u><u>117 579 03</u></u>	<u><u>9 192 34</u></u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – ROAD FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	65 000 00	74 373 51	74 413 01	39 50
Interest	<u>100 00</u>	<u>456 57</u>	<u>438 14</u>	<u>(18 43)</u>
Total revenues	<u>65 100 00</u>	<u>74 830 08</u>	<u>74 851 15</u>	<u>21 07</u>
Expenditures:				
Public works:				
Highways and streets	<u>140 000 00</u>	<u>172 612 17</u>	<u>172 612 17</u>	<u>-</u>
Total expenditures	<u>140 000 00</u>	<u>172 612 17</u>	<u>172 612 17</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(74 900 00)	(97 782 09)	(97 761 02)	21 07
Fund balance, April 1	<u>120 000 00</u>	<u>198 927 08</u>	<u>205 847 84</u>	<u>6 920 76</u>
Fund Balance, March 31	<u><u>45 100 00</u></u>	<u><u>101 144 99</u></u>	<u><u>108 086 82</u></u>	<u><u>6 941 83</u></u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

BUDGETARY COMPARISON SCHEDULE – GYPSY MOTH FUND
Year ended March 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Interest	<u>500 00</u>	<u>521 35</u>	<u>547 95</u>	<u>26 60</u>
Total revenues	<u>500 00</u>	<u>521 35</u>	<u>547 95</u>	<u>26 60</u>
Expenditures:				
Public works:				
Gypsy moth	<u>50 100 00</u>	<u>37 440 00</u>	<u>37 440 00</u>	<u>-</u>
Total expenditures	<u>50 100 00</u>	<u>37 440 00</u>	<u>37 440 00</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(49 600 00)	(36 918 65)	(36 892 05)	26 60
Fund balance, April 1	<u>147 848 39</u>	<u>197 848 39</u>	<u>197 870 26</u>	<u>21 87</u>
Fund Balance, March 31	<u>98 248 39</u>	<u>160 929 74</u>	<u>160 978 21</u>	<u>48 47</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2005

<u>Assets</u>	<u>Fire</u>	<u>Road</u>	<u>Gypsy Moth</u>
Cash in bank	108 298 70	101 169 65	160 978 21
Taxes receivable	<u>9 280 33</u>	<u>6 917 17</u>	<u>-</u>
Total Assets	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>	<u><u>160 978 21</u></u>
<u>Liabilities and Fund Balances</u>			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Unreserved:			
Undesignated	<u>117 579 03</u>	<u>108 086 82</u>	<u>160 978 21</u>
Total fund balances	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>	<u><u>160 978 21</u></u>
Total Liabilities and Fund Balances	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>	<u><u>160 978 21</u></u>

<u>Norway Shores</u>	<u>Maple Road</u>	<u>Woodland Ridge</u>	<u>Capital Improvement</u>	<u>Total</u>
2 759 27	2 203 39	-	11 986 64	387 395 86
<u>425 82</u>	<u>234 20</u>	<u>-</u>	<u>-</u>	<u>16 857 19</u>
<u>3 185 09</u>	<u>2 437 59</u>	<u>-</u>	<u>11 986 64</u>	<u>404 253 38</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3 185 09	2 437 59	-	11 986 64	404 253 38
<u>3 185 09</u>	<u>2 437 59</u>	<u>-</u>	<u>11 986 64</u>	<u>404 253 38</u>
<u>3 185 09</u>	<u>2 437 59</u>	<u>-</u>	<u>11 986 64</u>	<u>404 253 38</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS

Year ended March 31, 2005

	<u>Fire</u>	<u>Road</u>	<u>Gypsy Moth</u>
Revenues:			
Property taxes	99 834 48	74 413 01	-
Special assessments	-	-	-
Interest	92 21	438 14	547 95
	<u>99 926 69</u>	<u>74 851 15</u>	<u>547 95</u>
Total revenues			
Expenditures:			
General government:			
Building and grounds	-	-	-
Public safety:			
Fire protection	44 616 81	-	-
Public works:			
Highways and streets	-	172 612 17	-
Gypsy moth	-	-	37 440 00
	<u>44 616 81</u>	<u>172 612 17</u>	<u>37 440 00</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>55 309 88</u>	<u>(97 761 02)</u>	<u>(36 892 05)</u>
Other financing sources (uses):			
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	55 309 88	(97 761 02)	(36 892 05)
Fund balances, April 1	<u>62 269 15</u>	<u>205 847 84</u>	<u>197 870 26</u>
Fund Balances, March 31	<u><u>117 579 03</u></u>	<u><u>108 086 82</u></u>	<u><u>160 978 21</u></u>

<u>Norway Shores</u>	<u>Maple Road</u>	<u>Woodland Ridge</u>	<u>Capital Improvement</u>	<u>Total</u>
-	-	-	-	174 247 49
2 030 08	4 545 34	-	-	6 575 42
10 98	31 69	-	44 34	1 165 31
<u>2 041 06</u>	<u>4 577 03</u>	<u>-</u>	<u>44 34</u>	<u>181 988 22</u>
-	-	-	800 00	800 00
-	-	-	-	44 616 81
2 362 61	3 718 93	-	-	178 693 71
-	-	-	-	37 440 00
<u>2 362 61</u>	<u>3 718 93</u>	<u>-</u>	<u>800 00</u>	<u>261 550 52</u>
<u>(321 55)</u>	<u>858 10</u>	<u>-</u>	<u>(755 66)</u>	<u>(79 562 30)</u>
-	-	(816 52)	-	(816 52)
-	-	(816 52)	-	(816 52)
(321 55)	858 10	(816 52)	(755 66)	(80 378 82)
<u>3 506 64</u>	<u>1 579 49</u>	<u>816 52</u>	<u>12 742 30</u>	<u>484 632 20</u>
<u>3 185 09</u>	<u>2 437 59</u>	<u>-</u>	<u>11 986 64</u>	<u>404 253 38</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended March 31, 2005

	<u>Balance</u> <u>4/1/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/05</u>
<u>Assets</u>				
Cash in Bank	<u>64 95</u>	<u>2 688 666 31</u>	<u>2 688 465 95</u>	<u>265 31</u>
<u>Liabilities</u>				
Due to other funds	64 95	307 803 99	307 603 63	265 31
Due to others	<u>-</u>	<u>2 380 862 32</u>	<u>2 380 862 32</u>	<u>-</u>
Total Liabilities	<u>64 95</u>	<u>2 688 666 31</u>	<u>2 688 465 95</u>	<u>265 31</u>

TOWNSHIP OF HILL
Ogemaw County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year ended March 31, 2005

Cash in bank – beginning of year	<u>64 95</u>
Cash receipts:	
Property taxes	2 662 027 66
Property tax administration fees	26 036 01
Interest	<u>602 64</u>
Total cash receipts	<u>2 688 666 31</u>
Total beginning balance and cash receipts	<u>2 688 731 26</u>
Cash disbursements:	
Township General Fund	132 806 36
Township Road Fund	74 393 73
Township Fire Fund	94 087 16
Township Norway Shores Fund	1 888 14
Township Maple Road Fund	4 428 24
Ogemaw County	1 040 599 09
Kirtland Community College	87 904 77
COOR	34 172 99
West Branch – Rose City School District	560 523 54
Iosco Intermediate School District	31 924 90
Hale School District	579 760 07
Ogemaw District Library	23 091 08
Refunds	<u>22 885 88</u>
Total cash disbursements	<u>2 688 465 95</u>
Cash in Bank – End of Year	<u><u>265 31</u></u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 29, 2005

RECEIVED
DEPT. OF TREASURY

SEP 02 2005

LOCAL AUDIT & FINANCE DIV.

To the Township Board
Township of Hill
Ogemaw County, Michigan

We have audited the financial statements of the Township of Hill for the year ended March 31, 2005. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Hill in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Hill
Ogemaw County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which was required to be implemented for the fiscal year ended March 31, 2005. The implementation of this pronouncement for the Township of Hill began with the year ended March 31, 2005. The daily operations and recording transactions did not change significantly, however, the Township is required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2005.

To the Township Board
Township of Hill
Ogemaw County, Michigan

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants